ARCADA

How Virtual Reality Marketing Can Be Used in the Tourism Industry

A qualitative study

Nina Karlsson

EXAMENSARBETE	
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Handledare (Arcada):	Andreas Stenius
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Examensarbetet är en kvalitativ undersökning om hur marknadsföring med VR (virtuell verklighet) kan användas i turism industrin. Exempel från två företag som för närvarande använder VR marknadsföring presenteras tillsammans med insikter från användare av dylika tjänster för att få ett annat perspektiv på konceptet. Syftet med denna studie är att hitta sätt hur VR kan användas som en del av ett företags marknadsföringsstrategi, fördelarna och skillnader VR marknadsföring har jämfört med traditionell marknadsföring. Begränsningar gällande denna studie är brist på användning av VR, av såväl företag som användare. Metoderna som används för undersökningen är två semi-strukturerad djupintervjuer, varav den första är från två företag och den andra från användare. Resultatet visar att VR marknadsföring inom turismsektorn i Finland används för rundtur och 360°-video. Fördelar med VR marknadsföring är en mer realistisk marknadsföring och ger mer värde samt närmare upplevelse av en produkt eller tjänst. VR marknadsföring är mer effektivt men dyrare och kräver mer uppdatering jämfört med traditionell marknadsföring. Det ger dessutom en drömmande och mer spännande upplevelse än traditionell marknadsföring. Andra skillnader mellan de två marknadsföringskoncepten är stödet från kanaler och möjligheterna bland dessa, där VR ger flera möjligheter.

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Abstract:

The thesis is a qualitative study on how virtual reality marketing can be used in the tourism industry. Examples from two companies currently using virtual reality marketing is provided, along with insights from consumers utilizing these services in order to get another perspective on the topic. The aim of this study is to find ways in how virtual reality can be used as part of a company's marketing strategy, the benefits with it and what differences virtual reality marketing holds when compared with traditional marketing. Limitations regarding this study involve the lack of virtual reality usage by companies as well as consumers. Methods used for the study are two sets of semi-structured in-depth interviews, one from two companies and the other from consumers. The results show virtual reality marketing in the tourism sector in Finland is used for tour operating and 360° videos. Benefits with virtual reality marketing include more realistic marketing, added value and closer experience with a product or service. Virtual reality marketing is more effective but costlier and needs more updating than traditional marketing. Additionally, it gives a dreamier and more thrilling experience than traditional marketing. Other differences between the two marketing concepts are the channel support and the opportunities among the two, with virtual reality having more possibilities.

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1 INTRODUCTION

In recent years, virtual reality (VR) has become rather popular. VR is already big in the gaming industry, where gamers can 'step into' a virtual world and be part of the cybernetic world, and it keeps growing. Big corporations have virtual reality and/or augmented reality (AR) tools available for their consumers e.g. IKEA, where consumers can 'try out' virtual furniture before they buy; to see how it looks inside their home. As technology evolves, VR will continue to grow with it, many believe this is only the beginning. In 1999, Ford took advantage of VR as well for its vehicle production and design (Barnes, 2016).

VR marketing allows a new way of thinking and acting from companies regarding marketing. Technology has allowed humans to think more creatively. It has also brought new ways for communication and marketing tools. Virtual reality marketing has opened several windows for companies. People have long lived with traditional 2D screens, which is why VR is so special and attractive for many people. It gives a unique experience like no other with its three-dimensional environment. In the States, VR is extremely popular, compared to Finland where it is slowly growing. As mentioned, with thriving technology VR is growing but how can VR be used in the tourism industry and what are the benefits of using it? VR can be used in many ways by consumers, not only gaming but many car brands offer VR as well, such as Nissan and Volvo. "Nissan used Oculus VR at the Tokyo motor show to enable consumers to design their own Nissan car. Volvo have the XC90 app to explore a futuristic vehicle on a Google Cardboard" (Barnes, 2016).

There are endless of opportunities with virtual reality. The wonderful thing about it is that it can be used by anyone; just like Ford, many other businesses use VR. Retailers like Tommy Hilfiger and Topshop utilized VR for fashion shows by making a virtual catwalk. As for the tourism industry, VR is also used widely. To name a few, VR is used in marketing by Marriott Hotels for honeymoons in Hawaii; and as Great Barrier Reef experiences on some of Qantas flights. (Barnes, 2016)

The recent COVID-19 outbreak is currently ruling the lives of many people in the world. The virus has taken a heavy toll on several businesses, especially in the tourism industry due to traveling bans. In all this negativity the virus is causing, it has been associated

with some positivity as well. COVID-19 forces businesses to come up with new ideas, particularly in regard to traveling. May (2020) states that businesses like TripAdvisor and Airbnb have swapped their range of tours and activities, for the time being, to virtual ones. Everything from cooking classes to virtual city tours. The virus has also sparked creativity among Finns in the matter of live concerts, inducing the use of VR. The Finnish rap duo JVG, arranged an online virtual reality concert for the Finnish people during the celebration of May Day. (Baxter, 2020).

1.1 Background

Morton Heilig invented the first VR multimedia device, the Sensorama, in 1957 but before that the science fiction writer Stanley G. Weinbaum predicted the idea of VR. It was not until later that virtual reality got its breakthrough in the beginning of the 21st century. This is when things like Google street views and PlayStation VR was announced. Nowadays, most people know about VR technologies. (Poetker, 2019)

VR allows people to experience various stimulating effects through senses (sight, hearing, touch). Engaging users into a digital 3D world. Essentially, VR requires two components: software and hardware. In order to experience VR, numerous devices are required, for instance, headset and a smartphone/computer or other technical equipment for creating a digital environment. Some major VR market players are Oculus Rift, Microsoft HoloLens, Samsung GearVR and Google Cardboard. Virtual reality is applied in many different areas such as entertainment, healthcare, business and education. (ThinkMobiles)

Another definition of VR is defined by eMarketer (2016) as: "VR completely immerse a user inside a virtual world or experience, typically through the use of a head-mounted display (HMD) that is often connected to headphones, controllers and other peripherals that let users navigate through that experience".

1.2 Previous research

There has been a lot of interesting research regarding VR in many different industries. Within the health industry, VR has been researched quite a bit. It is used worldwide for

learning and educational purposes. From a randomized, double-blinded study they found out that surgeons who were trained via traditional methods performed surgery 71% slower and had six times more errors than the ones trained via virtual reality (Donovan, 2019). According to a study done by Statista (2019a) AR and VR market for global healthcare are expected to increase by the year 2025. The greatest foreseen increase will be in North America but also a very high increase will be predicted for Europe. VR has also been greatly studied in other fields in addition to the health industry. A study related to VR usage in Finland 2017 done by Statista (2019b) showed that VR is most used for playing games and watching videos. Only a small percentage uses it for professional work. A study done by Tourism Australia regarding VR usage when choosing holiday destinations shows that nearly 20% had used VR and about 25% are planning on using VR as a helping tool in the future concerning holiday destination selections (Immersion VR). Statistics show that over 60% of consumers, that took part of a study, were interested in trying VR when it comes to travel and tourism (Statista, 2015).

1.3 Aim and limitations

The aim with this study is essentially to find out how virtual reality marketing can be used in the tourism industry in Finland. It is used among various industries around the world, tourism industry included, but how do Finnish companies utilize it in their marketing? Other objectives with this study is to discover how VR marketing differentiates from traditional marketing. The main research question is what marketing opportunities do companies have with VR? Marketing opportunities often depend a lot from business to business and what kind of industry the company is in. Minor research question is what the advantages are of using VR. As stated earlier, virtual reality provides many opportunities for businesses but there are surely many challenges coming along with it.

With VR being a relatively new concept, many people may not be familiar with virtual reality, especially the older generation. The age of consumer plays a huge role in terms of VR usage. Limitations for this study include the lack of VR usage among Finnish companies within the tourism sector as well as consumers. VR being quite new, might have a big impact on a company's use of VR in their marketing. With doing this research

the estimated outcome is that many companies use VR but not many consumers use it. As regard to the tourism industry, VR has grown a lot but the expected VR usage among consumers will still be low.

2 LITERATURE REVIEW

This chapter presents the theoretical framework of the research. Different kinds of marketing will be explained and in relation to the research question, the virtual reality marketing will be discussed in detail. Moreover, VR marketing examples will be discussed, as well as advantages and disadvantages of VR marketing. As a final part of this chapter, consumer behavior will be reviewed.

2.1 Marketing

American Marketing Association (2020) defines marketing as "the activity, set of institutions, and processes for creating, communication, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large". As Twin (2020) mentions, marketing's core function is to attract customers to a company and to keep the customer relationship going. For attracting the customers, different activities need to be done such as advertising. Something as simple as a memorable packaging for example can be enough for the desirable audience to become a customer.

THE MARKETING MIX

Figure 1. The Marketing Mix

Illustrated in the Figure 1 above is the marketing mix, or the 4Ps of marketing, which is essential to understand with regard to marketing. Luenendonk (2014) explains that the marketing mix is used as a helping tool for strategic decisions in businesses, especially helpful for making marketing strategies. For businesses, the marketing mix, is an effective way to reach their objectives regarding thing like sales, customer satisfaction, and other important goals.

The marketing mix especially helpful when organizations are thinking of repositioning an existing product or introducing a new one. Edmund Jerome McCarthy was the first to introduce the marketing mix concept in 1960 as a foundation for successful marketing strategies. To help companies find suitable approaches to their marketing plan with the help of the 4Ps. The 4Ps stands for product, price, place and promotion. Product refers to the tangible or intangible item that are being sold. Identifying what separates the item from other competitors that are selling the same product or service is important for the sake of efficient marketing. Price refers to the monetary value of the item being sold.

Many factors need to be taken into consideration when deciding on the price such as production costs and demand for the product. The price is a significant part as it controls the survival of the company. The third P, place, identifies the position and distribution of the product or service. Where it will be accessible for potential customers and consumers. Determination of suitable channels of various stores and where in a physical store the product will be placed. Also, whether to have it available online, physical store or both. The last P, promotion refers to what activities to take on in the interest of getting the product visible for customers. Examples of these activities are advertising, public relations and sales promotion. One crucial thing to consider is what kind of medium best communicates the desired message in order to reach the company's target audience. (Kenton, 2019)

According to Kotler in Mahajan (2013) the four Ps are the foundation of marketing. It provides a basis for the development of the four Ps and generating new marketing ideas and innovations. Kotler in Mahajan (2013) further points out that from the time when the four Ps was introduced, people have since then added more Ps to the concept; people, packaging, physical evidence, etc.).

One important aspect companies rely heavily on, concerning any type of marketing, is word-of-mouth (WOM). It generates free marketing for companies as customers spread their own thoughts about a product or service to their friends and families. Being the most effective form of communication, WOM play a huge role for a company. Moriuchi (2015) mentions a survey about advertising, concerning brand information, the most trusted source was word-of-mouth. Second most reliable source was online consumer reviews. Bettencourt (2019) explains that companies gradually design programs for WOM, with the interest of encouraging people to share their opinions further to their social network or broader networks, in order to for the company to gain additional customers.

2.1.1 Traditional marketing

Today as marketing transforms from traditional to digital, it is significant to understand the role of traditional marketing. As digital marketing is taking over, many people are

debating whether traditional marketing is dead or not. Kotler et al. (2016) explain that "Digital marketing is not meant to replace traditional marketing. Instead, the two should coexist with interchanging roles across the customer path." (p. 52). Traditional marketing shows efficiency regarding brand awareness and the interest in brands, whereas digital marketing facilitates the relationship between brands and customers (Kotler et al., 2016).

Traditional marketing can be grouped into four categories; print marketing, broadcast marketing, direct mail marketing and telemarketing. Traditional marketing includes all marketing that are done offline. Print marketing, being the oldest forms of marketing, includes advertisements that has to be printed onto a paper. They can be found in e.g. newspapers, brochures, newsletters and magazines. Broadcast marketing involves advertisements done with the help of radios and TVs. (Marketing-Schools, 2012)

2.1.2 Digital marketing

Digital marketing refers to advertising using digital platforms or devices, such as social media, mobile devices, email and websites. It enables advertising to be done offline as well e.g. in video games. Many people confuse digital marketing with online or internet marketing, which is solely based online. Digital marketing has created new ways for companies to reach their customer base. (Barone, 2020)

People spend ridiculously many hours on digital devices today. The average phone usage among American adults in 2019 were three hours and ten minutes a day (Wurmser, 2019). Technology today enables people to do almost anything, from ordering food to finding information online, in other words being constantly online. Benson (2017) states that "without digital marketing efforts, you stand to reach almost no one". Benson (2017) continues to explain the different types of digital marketing available for businesses today e.g. social media marketing, influencer marketing and search engine marketing.

Social media marketing is supposedly the most common way of marketing in today's technology-centered world. Social media has grown a lot these last couple of years and has become very addicting to numerous people. As people check online platforms such as WhatsApp, Facebook and Instagram various times a day, companies have taken

advantage of this. Patel (2020) has defined social media marketing as "the process of creating content that you have tailored to the context of each individual social media platform in order to drive user engagement and sharing". People rely heavily on social media to get information about specific things, everything from products to destination recommendations. Many people turn to other consumers in order to get trustworthy information about a product or a service and might make a final decision based on what that person wrote on a review for example. Social media has formed a great interaction tool for consumers to receive opinions or experiences from others. (Moriuchi, 2015)

Consumer-generated content (CGC), as the name suggests are driven by consumers. It is now easier than ever for consumers to make content (e.g. videos, reviews, photos, etc.) online and make it accessible for the general public. YouTube, Facebook and blogs are typical CGC platforms. By using CGC, companies have a higher chance of reaching its audience. A consumer's motivation can easily be understood with CGC, as the media environment is strongly affected. (Moriuchi, 2015)

One of the newer types of digital marketing is influencer marketing, most commonly used on Instagram and Snapchat. People with a big follower base gets hired by companies to promote their brands. With the help of the influencer, companies can reach big audiences and possibly increase sales. Search engine marketing (SEM) refers to increased visibility of websites, paid traffic. The most common digital tool for digital marketing is Google Ads. Pay-per-click (PPC) advertising is an example of SEM. PPC works in a way that every time an advertisement is clicked on, the search engine charges a company. The adoption of PPC advertising is used in social media as well, where ads pop up in news feeds. For a complete digital marketing strategy, different types of digital marketing can be combined with each other. (Benson, 2017)

2.1.3 Tourism marketing

Kulakova (2019) defines tourism marketing as "a marketing strategy that uses specific marketing plan and techniques to promote touristic products and services such as destinations, hotels and transport services, etc."

There are numerous countries in the world that depend a lot on tourism, which makes tourism marketing very significant for these countries. In many cases, these countries have popular tourist attractions, for example Taj Mahal in India, and well-known tourist attractions are the perfect place for tourism marketing as it blooms the most there. Taking advantage of this ultimately generates more attention to businesses in the area. (Bhasin, 2019)

The tourism industry covers approximately 10 percent of all jobs worldwide (Picincu, 2018) which is another example on why tourism marketing is important. Marketing is without a doubt a vital factor for generating visitors to a destination (Gurtoo, 2019) and as previously mentioned, several countries rely heavily on tourism. Furthermore, as a result from customer satisfaction, presuming a positive response, businesses will eventually attract more customers and therefore grow (Picincu, 2018).

Looking at tourism from a sustainable perspective, the tourism industry is accountable for nearly 10% of the worlds greenhouse gas emissions. As Destination Marketing or Management Organizations (DMOs) are usually involved in destination marketing, it partially lies in their hands to tackle the challenges of sustainable traveling. DMOs can direct people to choose destinations where travelers leave a lower carbon footprint. It all comes down to marketing communication in order to decrease the emissions; educating tourists about the results of their actions. Focusing on advertising attractions and activities with low CO2 could therefore diminish emissions as tourists tend to follow what is being promoted. (Pesonen, 2019)

2.2 Virtual reality marketing

VR marketing offers a new experience to viewers instead of just a reading experience. VR marketing, compared with traditional marketing, enables a more outstanding experience, allowing a powerful touch. VR marketing offers a sensational experience, where people get to take a break from reality and encounter something different. Virtual reality marketing is greatly used by numerous businesses around the world, especially in the tourism sector. (Walker, 2018)

As technology gets more advanced, customers expect companies to follow technology trends and offer experiences along with the brands. Countless people appear to think VR is mainly used for gamers and that you need to spend loads of money for the technology needed for VR, this is however not the case. Numerous people today own a smartphone, which gives access to VR, enabling people to enjoy VR in an easy way with no extra gadgets needed. (Smart Insights)

2.2.1 VR marketing in the tourism industry

Virtual reality marketing has been greatly used by many companies within various industries. First off, the aviation industry has utilized VR for their marketing campaigns, e.g. All Nippon Airways (ANA). When launching their new business class cabin, ANA used VR for creating tours of the new compartment. Giving users with the help of a headset, to experience the business class cabin. Other examples within the tourism sector include Merrell's new hiking boot. During the launching of the boot, the company created a hiking experience using VR. The experience was called Trailscape, where people got to try a dangerous mountain hike on a stage set. With shaking wooden planks and motion captured technology, leaving participants with a thrilling experience. (Mbryonic, 2019)

A virtual booking process was created by Amadeus allowing consumer to do various booking activities through a headset. Booking activities involving flight searching, and comparison of hotel rooms and prices. (Revfine, 2020b)

Gidley (2017) mentions a study made by The Wildlife Trust of South and West Wales two VR videos were created and showcased in various locations e.g. schools and wildlife shows. As a result, 85% of people that took part of the study said that they would visit Wildlife Trust attractions.

Visual content was the most popular marketing trend predicted for 2018, as it attracts more consumers. Reason for this includes peoples' lack of patience for reading and going through written content. "For the travel industry, virtual reality can be used to enhance travel experience and shape the behavior of travel consumers". (Tilly, 2017)

2.2.2 Advantages of virtual reality marketing

Using VR in marketing gives an enormous competitive advantage among businesses due to the close connection consumers get when using it. A real-world lookalike environment providing consumers with a mesmerizing experience. VR marketing saves heaps of time as all the necessary information can be given while a person is enjoying the experience - kill two birds with one stone. (Revfine, 2020a)

VR is a great marketing tool that enable consumers with unique encounters. For example, the ANA's launching of the new business class cabin using VR tours, not only was it quick and efficient but it also gave users an experience to remember. (Mbryonic, 2019)

Christopher (2001) mentions several benefits of VR marketing. It allows users to get a first-hand experience with the product without having the actual physical product. Other benefits include the capability of using sensory immersion to engage users emotionally; and potentiality for an enormous market growth since the product experience give worldwide access.

As virtual reality is a huge advantage for businesses, it also benefits consumers. For example, VR gives people with a limited movement capability a chance to experience something they might not be able to in real life e.g. travel and go on certain excursions like mountain climbing or diving. Some benefits of virtual reality regarding disabled people are helpful for route planning in a city and social skills practice for people with Asperger's (Cahalane, 2018).

2.2.3 Disadvantages of virtual reality marketing

As virtual reality marketing can be extremely beneficial for companies, it cannot be used by every business. According to Christopher (2001) VR marketing is extremely expensive and complex to create. Furthermore, VR has created high expectations from users, whom therefore expect excellent quality and if businesses fail to meet those standards it will result in unsuccessful marketing. Additionally, Christopher also mentions that VR marketing is not for everyone, it is only suitable for certain kinds of products that allow the users to interact.

The technology of virtual reality creates astonishing experiences for users, nonetheless the impressive technology can also come with negative aspects such as addiction, loss of human connections and health effects. Addiction can be formed by spending lengthy time periods in the virtual world as activities in a virtual environment differ from the real world, making it easy to get attached. The loss of human connections, can in severe cases turn into depression and disassociation. (Dudkin, 2019)

Dudkin (2019) mentions a series of various health effects that have been associated with the use of VR e.g. nausea, dizziness and disorientation. The most obvious health effect of VR is damages to the user's eyes due to the close connection between eyes and screen (Shetty, 2019). Dudkin continues explaining that a lot of useful information can be gained about VR as well when being aware of the negative sides.

2.3 Consumer behavior

Kumra (2006) defines consumer behavior as "the psychological process that consumers go through in recognizing needs, finding ways to solve these needs, collect and interpret information, make plans, and implement these plans […], making purchase decisions […] and post purchase behavior." (p. 2)

Kumra (2006) also mentions that companies benefit from understanding consumer behavior. It reduces costs for the company, increases customer satisfaction and sales, which lead to more success for the company. Perner (2018) and Khan (2006) explain different phenomenon that needs to be understood regarding consumer behavior such as hidden motivations and attitude as well as underlying feelings and emotions towards i.e. products and brands. Perner (2018) further mentions that consumers are easily influenced by a lot of things, such as their social network (e.g. family and friends) and their lifestyle (culture and traditions). Additionally, Khan (2006) states that "consumer decisions are affected by their behavior" (p. 5). Moreover, in order for companies to achieve their goals they need to understand consumers, since consumers have a major impact on how well a company is doing.

Understanding consumer behavior is important for many reasons as stated earlier. Furthermore, the main reason is for marketers to understand the underlying buying decision consumers are influenced by. When a marketer understands the behavior of a consumer they can make necessary adjustments to a product in order to maximize the sales. There are also three groups that impact consumer behavior into saying yes: personal factors, psychological factors and social factors. Personal factors include things like a person's age, gender and culture. Psychological factors refer to a person's attitudes and opinions. Lastly, social factors are for example, friends, family and income. There are many other factors affecting consumer behavior as well e.g. purchase patterns, marketing campaigns, economic conditions and personal reference. (Radu, 2019)

As an example of interpreting consumer behavior businesses have made marketing accordingly, e.g. showing snack advertisements in the afternoon because people have shown to be more responsive to food advertisement when hungry. (Perner, 2018)

Langille (2018) states that modifications to purchasing decisions and consumer behavior can be made with virtual reality, as buying experiences are preferred more by consumers today than material items. Eventbrite (2014) conducted a study together with Harris Poll showing 78% of Americans in the ages 18-34 valued experience over material items.

If VR is properly integrated by businesses, it has the ability to change the way consumers behave when buying products. Furthermore, consumers can make more informed buying decisions when having a better understanding for products, which can be provided with VR. (Langille 2018)

3 METHODOLOGY

The aim of this chapter is to present the methods and tools used for collecting the necessary data on how VR marketing can be used within the tourism sector. This chapter introduces how the data was collected and analyzed. With regard to validity and reliability of the research, a short presentation of the two concepts are made.

3.1 Qualitative research

A qualitative study was selected in order to collect detailed data from various companies in the tourism industry but also from consumers. To get a better glimpse of how VR can be used as part of their marketing from a company's point of view. Additionally, for consumers in order to get another perspective of VR marketing. DeFranzo (2011) mentions that qualitative research "is used to gain an understanding of underlying reasons, opinions and motivations". Qualitative research can furthermore be the support for conducting a quantitative research. Moreover, Bryman (2012) mentions that qualitative research is more focused on words than numbers, in other words, the data gathered in qualitative research needs to be thoroughly analyzed in order to understand the meaning of the results.

3.1.1 Interview

The empirical data consists of two different set of interviews. The first interview was from two companies that utilize VR in their marketing. The following interview was conducted in regard to consumers who can use VR marketing, fifteen individuals were interviewed. Both sets of interviews were done in the interest of getting insights in to how VR marketing can be used, from both the perspectives of consumers and businesses. In order to reach the research aim, data from two different sources were gathered. The data collected from companies give solely biased data in how VR marketing is used for that specific company. To further collect data from consumers, gives a broader perception in how VR marketing is used. Combining the data from the companies and consumers provided a larger understanding in how VR marketing is used within the tourism industry as a whole and attitudes toward the concept. The reason for choosing qualitative interviewing is because of the flexibility of the interviews. The possibility to go 'off track' and ask follow-up questions to a reply in order to get rich, detailed answers (Bryman, 2012, p.470). Due to the recent virus outbreak, COVID-19, the interviews were conducted online and by phone, for safety precautions.

Furthermore, the selected method for this research can provide biased data from the respondents such as social desirability and acquiescence. Social desirability refers to respondents answering questions in a way they think it should be answered in ordered to

be liked or socially accepted. Acquiescence means participants likelihood to agree or disagree with certain questions, some people might do this simply to complete the interview faster. (Bryman, 2012 & Shah, 2019)

3.1.2 Semi-structured interview

In order to find a representative sample for the research, suitable companies and consumers were found based on various criteria. The main criteria were that the companies had to be familiar with virtual reality and use it as part of their marketing strategy. Additional criteria for the companies were that they had to be in the tourism industry and be located in Finland. The companies were selected based on an internet search and chosen due to the location of the companies, one located in the northern part of Finland and the other in the eastern part. As for consumers, the criteria were that they live in Finland and are all within the same age, between 20-30 years. This specific age group has grown up with technology and are the most likely of all age groups to have tried VR of some kind. However, no expert knowledge was required among the consumers. A random selection of consumers was done in order to get diverse and the most unbiased results as possible. The individuals were selected with the help of LinkedIn and the researcher's circle of friends. A semi-structured in-depth interview was conducted from the companies and the same kind of interview was conducted with consumers, to get a deeper understanding on how virtual reality can be used in the tourism industry. Semi-structured interviews still follow the interview guidelines but allow the interviewer to go off-course if needed and are flexible in that way (Bryman, 2012). According to Shukla (2008) in-depth interviews can "provide researcher the flexibility, large amount of data collection from a single respondent and reveal much hidden attitudes, motivations, feelings and behavior" (p.32).

3.2 Data collection and analysis

The data collection regarding this research consists of primary data gathered from the companies and consumers. The primary data collected in this study comes from the interviews, in the interest of getting new data for the research. For the consumer interviews, gender varied among respondents for the sake of gathering information from

individuals within the same age group to get representative data for the research. For the company interviews, there were two interviews conducted to show examples of how VR marketing is used today and to gather information on VR benefits in marketing as well as differences concerning VR marketing and traditional marketing.

The data analysis for this research was done as part of the grounded theory framework, which involved the transcription and interpretation of the interviews. Revision of the data collected, for the sake of comprehending the information gathered for the research. Data coding was done shortly after the data collection. Coding involves revision of the interview transcripts and/or field notes, along with labelling the data into segments (Bryman, 2012, p.568). Lastly, a comparison of the interviews was made. The collected data was thoroughly analyzed in order to gain an understanding of the meaning of each answer. A structured approach was done to the extent of including and evaluating every opinion from the respondents.

3.2.1 Validity and reliability

In regard to validity and reliability in qualitative research it is essential to understand their meaning. Validity and reliability are significant when measuring the quality of the study (Bryman, 2012, p. 389). By testing the validity and reliability of the research, one can find out if the research is measuring what it is supposed to measure and if the research is trustworthy or not. Validity refers to "the extent to which differences in observed scale scores reflect the true differences among objects on the characteristics being measured" (Shukla, 2008, p.79) and reliability describes the "consistency of results over a period of time" (Shukla, 2008, p.80). Test-retest, alternative forms and internal consistency are the three ways reliability can be measured.

In the matter of the validity of this research, there might be a slight chance of outside influence affecting the results due to the interviews being done electronically, therefore no direct control over the interviewees. One particular thing that follows with the uncontrolled interview method that could reduce the validity of the research is question-skipping among the respondents. Another thing to keep in mind when concluding the findings is the fact that some of the consumer-interviewees might have insufficient knowledge about the VR marketing concept. This might affect the validity due to

consumers' lacking knowledge. However, since opinions about the concept is gathered, the data collected can be seen as reliable and due to the fact that the companies are experienced users of VR marketing, the results gathered from the company interviews are highly reliable.

As a consequence of the selection method for companies and consumers, biases may appear. For companies' biases involve similar type of business providing a very narrow perspective of how VR marketing can be used by companies in the Finnish tourism industry. Consumers' biases include limited representative data. These biases decrease the validity of the research to some extent and it does not represent the whole population and the whole tourism industry. Additional studies may be done in order to support the validity and reliability of the findings gathered in this study.

4 RESULTS

In this chapter, the results gathered from the research are presented. The results include responses from the interviews with companies as well as interviews with consumers. Examples in how a company utilizes VR marketing is presented in addition to consumers' experiences with VR marketing and their opinions. Out of consideration for the readers, the interview questions were covered one by one for easier understanding. The goal with this research was to find answers to the research questions which were the following:

- How can virtual reality can be used in the tourism industry in Finland?
- How does VR marketing differ from traditional marketing?
- What are the advantages of using VR?

4.1 Company interviews

The first set of interviews for this research were from two companies within the tourism industry in Finland. The names of the companies were Visit Rovaniemi and SaimaaLife. The main focus with the company interviews was to get an example on how a company in Finland is currently using virtual reality marketing in the tourism industry, as well as its benefits and its differentiation from traditional marketing.

4.1.1   How have you integrated virtual reality in your marketing?

The first company that was interviewed, Visit Rovaniemi, has utilized VR marketing for "tour operating and media visits of the future" as it plays a huge role in getting potential buyers' and consumers' attention. The second company interview was with SaimaaLife, they have used VR marketing for 360° videos and selling traveling tools in Japan.

4.1.2   How have you made it accessible for consumers? (through apps, via business conventions, etc.)

Visit Rovaniemi has made VR marketing accessible for consumers through virtual business conventions, webinars, virtual FAM (familiarization) tours and YouTube. Consumers get the VR experience of visiting Santa Claus. SaimaaLife has taken the help of events and YouTube for making the VR marketing accessible for consumers. Consumers have through VR headsets been able to experience the Finnish nature.

4.1.3   Which areas of marketing can VR be used in?

An interesting aspect with virtual reality and marketing is that it can be used in almost all areas of marketing. Talking about the four P's (product, price, place, promotion), virtual reality can be used in nearly all of the four Ps except for price. Visit Rovaniemi mentioned one can use VR when presenting a destination or service to a customer (product), offering consumers a virtual surrounding to visit and the possibility to interact with an avatar (place and promotion). SaimaaLife mentioned other areas of marketing VR can be used in, such as digital marketing (Facebook support). Additional areas of marketing where VR can be used in, according to SaimaaLife is sales and marketing events.

4.1.4   What are the benefits of using VR marketing in the tourism industry?

When asked about the benefits of using VR marketing in the tourism industry, Visit Rovaniemi saw advantages in expanding opportunities for meeting and telling one's story. They further mentioned virtual reality traveling as "an opportunity one must explore". Advantages of using VR marketing from SaimaaLife included added value

and feeling of presence. SaimaaLife has noticed that customers have easily bought their travels after experiencing it with VR.

4.1.5 How does VR marketing differ from traditional marketing?

Visit Rovaniemi stated that VR marketing differentiate from traditional marketing by being costlier and more effective. Additionally, VR marketing is more dreamy and exciting than traditional marketing. Another thing that separates VR marketing is the need for updating. What differentiate VR marketing from traditional marketing according to SaimaaLife is the channel support – VR content cannot be published on social media (with the exceptions of YouTube and Facebook [360° videos]). Furthermore, SaimaaLife sees the VR headset as a new way of marketing, opening up more possibilities.

4.1.6 Are there any differences in consumer behaviour when it comes to VR if compared to traditional marketing?

When asked about the differences in consumer behavior when using VR marketing, Visit Rovaniemi described consumers to be more eager towards VR as they tend to have the need to explore and be surprised. Additionally, Visit Rovaniemi explained that VR marketing is the type of marketing were consumers get something right away. SaimaaLife also saw positive changes in consumer behavior when using VR marketing. They stated that the consumers' likelihood to buy something increases after experiencing VR, as they can see and get familiar with it. Furthermore, they noticed the excitement among users; technology and the new way of experiencing travels attract consumers.

4.1.7 What thoughts has the recent COVID-19 created for your business?

As the virus outbreak took a huge toll on the travel industry all around the world, comments about COVID-19 were gathered. Visit Rovaniemi said that "we are on a door step of a new tomorrow of a service chain considerate to a safe and sustainable travel industry". In addition, Visit Rovaniemi acknowledged the huge roll VR plays when it comes to marketing experiences and travel destinations. SaimaaLife has experienced positive outcomes regarding the virus outbreak as it has helped their business. As all of their physical tours were cancelled - their VR tours got sold out. SaimaaLife mentioned

"COVID-19 has supported and inspired us in the use of VR" as they are now in the process of developing the content further.

4.2 Consumer interviews

Another perspective of how VR marketing is used is provided by consumers. The key focus on consumer interviews was to collect opinions about virtual reality marketing, and to further identify other ways VR marketing can be used. Fifteen individuals in age group 20-30 were interviewed and the interview questions are covered one by one.

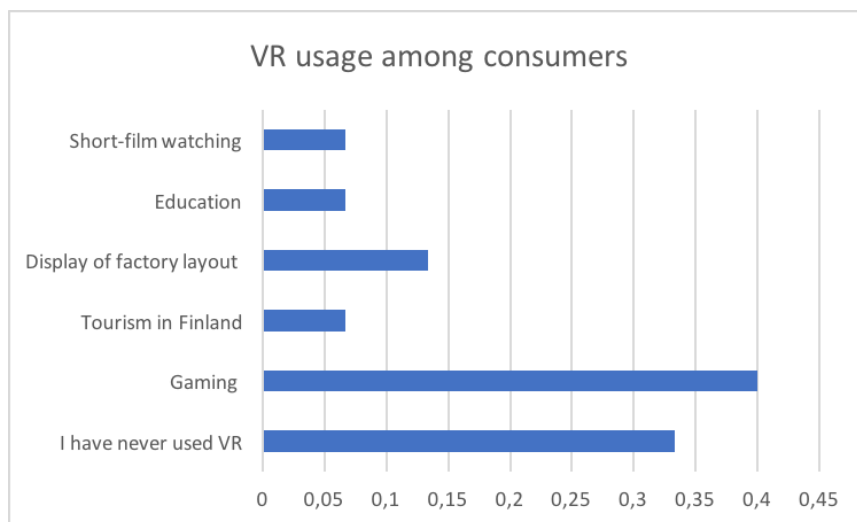### 4.2.1 Have you ever used VR? If yes, for what purpose?

Figure 2. VR usage among consumers (Source from survey)

Some of the respondents in the study had used virtual reality for more than one purpose. The most common use of VR among the consumers was for gaming purposes. Other usage of VR was for educational purpose, short-film watching, display of factory layouts and for tourism in Finland, trains specifically. A third of the respondents have never used VR in their life. Supporting the results gathered from the survey, a study on Statista (2019b), shows that 51% of the people in Finland use VR for playing games.

4.2.2 Have you ever come in contact with virtual reality marketing? If yes, please explain

Only about 22% of all the consumers in the study have been in contact with VR marketing. The encounters the consumers have made with VR marketing has mostly been in malls and business conventions but as well on YouTube. The businesses the respondents have come in contact with regarding VR marketing were the furniture company Ikea and the Finnish railway company VR.

4.2.3 Would you be interested in using VR for traveling purposes?

When asked about the interest for using VR for travel purposes, the majority would be interested. As one of the respondents mentioned regarding using VR for traveling purposes would "give me a glimpse of the experience I'm about to have". The most common use of VR would be to look at destinations and accommodation (Airbnb/hotel rooms) before going. The respondents would be interested in knowing the layout and quality of the room and looking at the hotel area as well as destination area. Other popular usage of VR for traveling intentions would include guided tours and airplane viewing. The respondents were interested in seeing if the sightseeing is worth visiting and curious about viewing the inside of the airplane and being able to choose seats. Only 2 of the respondents would not be interested in using VR for traveling intentions. When asked what would make them use VR for traveling, one responded "to get paid for it" and the other could not specify what would make them use it, the respondent did however not find it interesting since as it can be time consuming.

4.2.4 How do you feel about virtual tours versus physical tours? (for example, city tours)

The respondents were asked their opinions about physical tours versus virtual tours. The vast majority had similar thoughts; they prefer physical tours over virtual ones. Some reasons among the respondents were that virtual tours feel fake and it does not give the same experience as physical ones. Experiences such as interaction with others, sense of smell and touch and, feeling the air and temperature. The minority of all respondents, 33%, still thought virtual tours could come in handy. Some examples of this were that

virtual tours would be "a good way to explore a place before a potential trip" and "open up possibilities to those who don't have the possibility to travel". One respondent took the virus pandemic in consideration, saying that it would be a good thing now when people are not able to go anywhere. Another respondent saw VR tours as a good first impression to see if it is worth visiting.

4.2.5 What benefits do you see with VR marketing versus traditional marketing?

87% of respondents saw benefits of using VR marketing. These advantages included more realistic and detailed marketing. As one respondent explained, it allows you to get a better picture of the product they are selling. Another advantage the respondents saw was beneficial for travel agencies, as it can help the customer's buying decisions. Additional advantages were reduction of negative surprises and closer experience with a product or service. One respondent claimed VR marketing delivers a more realistic view than Photoshop and lightning edits; providing a more in-the-moment experience. Two respondents said VR marketing saves time and money for consumers. The lasting 13% did either not see any benefits with VR marketing or were unsure about the benefits.

4.2.6 Due to the recent COVID-19 outbreak, what are your thoughts about VR marketing?

As COVID-19 was very relevant when doing this study, thoughts about VR marketing related to the virus outbreak were gathered. The vast majority had positive thoughts and saw lots of advantage with VR marketing during the outbreak. Many claimed that VR marketing is very useful during this time, consumers come closer to products without being at a physical store and it provides an alternative way of traveling; "ease their travel fever" as one respondent mentioned. Another respondent brought up how VR can help companies not to miss out on opportunities this year as another respondent acknowledged that VR marketing is a good solution for companies. Many believed companies will use more of VR marketing in the future. One respondent pointed out that this virus situation has forced people to trust the internet more and as a result, internet has become a medium for trade. The respondent further explained "By extension this means that people actively

using VR might be more receptive to marketing". Two of the respondents did not have an opinion about VR marketing and COVID-19, and one person skipped the question.

5 DISCUSSION

This section covers additional discussion about the findings from the study, together with personal inputs and thoughts overall as well as further suggested research.

The company interviews give an interesting insight in how a company in Finland can use VR marketing. Both Visit Rovaniemi and SaimaaLife have utilized virtual tours of some kind; Visit Rovaniemi for tour operating (Santa Claus visits), and SaimaaLife to explore the Finnish nature during all the four seasons. However, the results from this study provides a very limited way in how VR can be used in the tourism industry in Finland, as the companies provide similar services for consumers. As Walker (2018) stated that VR marketing is greatly used in the tourism industry, makes the findings from the survey rather interesting since VR marketing is not greatly used in Finland and not many consumers have been in contact with it. Nevertheless, interesting feedback were given from consumers in how they feel about virtual tours versus physical tours. As most of the consumers prefer physical tours, challenges arise for companies to attract consumers to virtual tours. On the other hand, consumers had a more positive attitude towards virtual tours in times of a pandemic, as can be seen by the consumer interviews but also for SaimaaLife by having sold out virtual tours during COVID-19. Some consumers considered VR to be fake and therefore prefer physical tours over virtual ones. Upcoming challenges for companies involve how to attract consumers and how can they continue to maintain consumers after the pandemic. Personally, I am quite confident that virtual tours will never replace physical tours, as I think VR is considered too fake regarding tours, as the survey also showed. People want to explore cities and get a feeling of the place. However, virtual tours are an excellent alternative way of traveling, especially for people with some kind of restriction, for example, people that cannot travel due to illnesses, disabilities or even economic situations. This way they can get cool experiences without leaving their country or even leaving their homes.

A noteworthy discovery from the survey was that despite a third of the respondents have never used VR before, almost all of them saw benefits with it. An assumption that can be drawn from this is the lack of VR access for those consumers who have not used VR before. Christopher (2001) explained VR marketing benefits, which was similar to the ones found in the survey such as, better picture of the product. As mentioned by some of the respondents, VR can help regarding reality expectations. When reality does not appear like it did in a picture for example, people tend to be disappointed. Technology has given people the tendency to have high expectations as Photoshop and other tools with similar features are greatly used among marketers. VR marketing and customer satisfaction can easily be linked together. VR enables marketers to create a more realistic level of expectations, resulting in consumers being more satisfied if it lives up to the created expectations. Earlier Kumra (2006) explained the importance of customer satisfaction for generating success for businesses, SaimaaLife provides an example of this in the survey. In SaimaaLife's case, consumers were more likely to buy after experiencing VR, what can be drawn from this is that consumers were feeling pleased with the VR experience and therefore bought it afterwards. Positive consumer experience increases the likelihood to buy something. As mentioned earlier, according to Langille (2018), VR can help consumers make more informed buying decisions. VR gives the possibility for companies to create a more realistic picture of the item or service they are selling. Getting a clearer and realistic idea of the what is being sold can in turn help consumers' buying behavior. Personally, I believe virtual reality marketing increases consumers' interest due to the experience it gives, it is something different and thrilling, which attract attention. Therefore, I believe VR marketing is more effective than traditional marketing. Another very remarkable finding with the question about using VR for traveling purposes, almost all of the responses indicate a pre-look on destinations and facilities before deciding on a trip, people want to know what they are putting money on. Back in the day, people would go more blindly on a trip with only limiting information about accommodation and/or destination. Nowadays, people have the option of looking for a place of their liking prior to booking which gives them endless possibilities. Companies have noticed the increasing interest in VR, which is why many people, including me, think VR will be used more in the future. The results from the survey suggest that consumers are open to VR marketing and interested in all it can offer. I believe companies will find a way to make it easier accessible for consumers.

The tourism industry is one of the hardest hit industries during COVID-19 as travel restrictions are introduced; leaving hotels and airplanes without customers (UNWTO, 2020). Thinking of the pandemic and what it has caused the tourism industry made the following discovery very fascinating: that COVID-19 had helped SaimaaLife. It is evident that people have found an alternative way of traveling when they have been limited in the real world. As for the consumer interviews, additional outside influence that might strengthen the validity for the interviews is in fact the on-going COVID-19. Consumers are aware of the changing situation and it might therefor be easier to imagine virtual tours for example because it feels accurate to them during this time.

5.1 Suggested further research

Since there only were two representative companies from the tourism industry, it cannot represent the whole tourism industry of Finland, the same goes for consumers, it does not represent the whole population of Finland. This may suggest further quantitative studies in order to collect larger amounts of data and draw greater conclusion for the whole industry and population.

Many people have positive attitudes towards VR usage, yet not many have used it. Further research could be done in order to find out the underlying reasons why people do not use VR and how to make VR marketing more available for consumers; based on the survey, not many had been in contact with VR marketing.

One interesting aspect of VR that has not greatly been researched yet, is its health effects. Wearing VR goggles so closely to one's eyes must have some kind of impact, suggesting more research in health effects caused by virtual reality. Other research may be done in regards of virtual reality marketing and consumer behavior. As seen from the survey, VR marketing and consumer behavior were connected but in the interest of making larger assumptions of how VR marketing influence consumer behavior would be interesting. Lastly, research on which is more effective: VR marketing or traditional marketing.

6 CONCLUSION

Technology requires constant adaptation, and virtual reality is no exception. Endless amounts of opportunities arise when virtual reality is properly integrated into a company's marketing strategy, facilitating unique experiences along with the products or services. VR marketing is a good thing and especially during times of pandemics. Companies have an enormous pressure in modern times on what they need to create and that pressure is only growing. People tend to be more interested if something stands out. It will get people's attention and VR marketing is on track with that. Consumers are constantly seeking new experiences and want companies to be more creative.

The aim for this thesis was met by finding out examples of VR marketing in Finland, the differences between traditional marketing and VR marketing, and benefits with VR marketing. Visit Rovaniemi and SaimaaLife are two companies that uses VR in their marketing. Benefits of VR marketing were provided by both of the two companies that uses VR marketing and consumers who can use it. Lastly, the differences between the two marketing concepts were provided by the companies in favor of getting accurate data. Furthermore, additional data regarding opinions about the concept were collected from consumers.

It is evident from the survey that consumers are interested in knowing where they are going on a trip and what to expect. They want to familiarize themselves with the destination and especially the accommodation. VR could in that sense help people in their decision making regarding accommodation and destinations by giving them a taste of the place before departure. The findings from the survey show that more booking interference with the help of VR was of interest among consumers. Ultimately, satisfied customers generate free marketing for companies, mostly through word-of-mouth. Therefore, customer satisfaction is a vital part for companies. It all comes down to understanding consumers in order to increase customer satisfaction and therefore increase sales for companies.

COVID-19 has surely reformed many companies in their approaches and it will be extremely interesting in the future to see how companies tackle the challenges that comes

with the pandemic and to see how it will change the tourism industry. It is important to emphasis that a pandemic will not last forever but it has certainly forced companies to be more creative and innovative than ever before.

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APPENDICES

Research questions for company interviews (Visit Rovaniemi and SaimaaLife).

1. How have you integrated virtual reality in your marketing?
2. How have you made it accessible for consumers? (through apps, via business conventions, etc.)
3. Which areas of marketing can VR be used in?
4. What are the benefits of using VR marketing in the tourism industry?
5. How does VR marketing differ from traditional marketing?
6. Are there any differences in consumer behaviour when it comes to VR if compared to traditional marketing?
7. What thoughts has the recent COVID-19 created for your business?

Research questions for the consumer interviews (fifteen individuals).

1. Have you ever used VR? If yes, for what purpose?
2. Have you ever come in contact with virtual reality marketing? If yes, please explain.
3. Would you be interested in using VR for traveling purposes? (examples, looking at hotel rooms and destinations through VR before going, doing virtual tours, selecting seats in an airplane, etc.)
4. How do you feel about virtual tours versus physical tours? (for example, city tours)
5. What benefits do you see with VR marketing versus traditional marketing?
6. Due to the recent COVID-19 outbreak, what are your thoughts about VR marketing?
7. How old are you?